

## Section 1

# Advancing an Inclusive Green Economy: Rationale and Context

## 3

### Learning Unit

## Definitions for Green Economy

This unit lays the conceptual groundwork for the Green Economy approach. It introduces the vision and definition of the Green Economy as well as different perspectives on it. Understanding the key principles and elements is crucial for implementing effective policies driving the transition.

### PAGE Green Economy Introductory Learning Materials



# A Vision for a Green Economy...

“A green economy is one that ...

- results in improved human well-being and social equity,
- while significantly reducing environmental risks and ecological scarcity.”



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## Speaker's Notes:

- This slide presents UNEP's definition of green economy.
- This is one of the most widely used
- UNEP has performed extensive and groundbreaking work in the area of green economy. The UNEP Green Economy Report ("Towards Green Economy - Pathways to Sustainable Development and Poverty Eradication") published in 2011 serves as a strong conceptual basis for policy action in this area. The definition coined by UNEP (as cited above) is one of the most internationally recognized to date.
- In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive.

## **Key Message**

- The definition for green economy captures the three dimensions of sustainable development: environmental, social, and economic

## Further reading:

- UNEP, Green Economy: <http://www.unep.org/greeneconomy/>

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- This slide is a word-cloud created from the existing definition for green economy.
- Multiple green economy and green growth definitions have been developed, including the following:
  - UNEP: “A green economy is one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcity.” (UNEP, Green Economy Reports: A Preview, 2010, p. 4-5)
  - OECD: “Green growth means fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies.” (Organisation for Economic Cooperation and Development (OECD), Towards Green Growth, 2011, p. 9)
  - Green Economy Coalition: “An economy that provides better quality of life for all within the ecological limits of the planet” (Green Economy Coalition: <http://www.greeneconomycoalition.org/>)

- The definitions on green economy/growth may vary, but their key elements are recurrent.

- UN Department of Economic and Social Affairs (UNDESA). A Guidebook to the Green Economy: Issue 1, 2012.

# Green Economy and Green Growth

## Green Growth:

- Is a similar concept to green economy
- Underscores that green policies are not detrimental to economic growth and development
- Is used by: World Bank, OECD, GGGI, GGKP, UNESCAP



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## Speaker's Notes:

- This slide explains the similarities and differences of the concept of “green growth” to the one of “green economy”.
- “Green growth” is a similar concept to green economy that has been promoted in recent years, especially in some regions of the world (e.g. Asia).
- The use of the word “growth” suggests the particular importance many countries attach to the quantitative expansion of their economies to accommodate growing populations, rising development aspirations and poverty reduction.
- Several institutions, including the World Bank, the OECD, the Global Green Growth Institute (GGGI) and the United Nations Economic Commission for Asia and Pacific (UN-ESCAP), consider green economic issues under the concept of “green growth” and several definitions have been developed for this term.
- According to the Organization for Economic Co-operation and Development (OECD 2011), “green growth means fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies”. The definition clearly underscores that green policies do not need to slow economic growth.
- The Green Economy concept places a bit more emphasis on finite environmental limits.


## **Key Message**

- The green economy/growth concepts make an economic case that environmental sustainability and achieving economic objectives are compatible.
- Economic analysis and language is used to get the attention of decision-makers engaged in economic and financial planning.

### Further Readings

- United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP), Asian Development Bank and UNEP. Green Growth, Resources and Resilience – Environmental Sustainability in Asia and the Pacific (Preview Version), 2010
- Organisation for Economic Co-operation and Development (OECD). Towards Green Growth, 2011
- UN Department of Economic and Social Affairs (UNDESA), A Guidebook to the Green Economy: Issue 1, 2012, p. 60

# Green Economy Principles



Type	Principles
<b>Economic</b>	<ul style="list-style-type: none"><li>• Recognizes natural capital and values</li><li>• Integrated in economic development and growth models</li><li>• Internalizes externalities</li><li>• Promotes resource and energy efficiency</li><li>• Creates decent work and green jobs</li></ul>
<b>Environmental</b>	<ul style="list-style-type: none"><li>• Protects biodiversity and ecosystems</li><li>• Invests in and sustains natural capital</li><li>• Recognizes and respects planetary boundaries and ecological limits</li><li>• Advances international environmental sustainability goals (e.g. MDG 7)</li></ul>
<b>Social</b>	<ul style="list-style-type: none"><li>• Delivers poverty reduction, well-being, livelihoods, social protection and access to essential services</li><li>• Is socially inclusive, democratic, participatory, accountable, transparent, and stable</li><li>• Is equitable, fair and just – between and within countries and between generations</li></ul>

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## Speaker's Notes:

- This slide features some key green economy principles, as outlined by UNDESA, 2012
- The table above is not comprehensive, but includes those principles which can be found across a range of green economy publications.
- The number of publication outlining green economy principles is growing and summarized in: UN DESA, A Guidebook to Green Economy: Issue 2: Exploring Green Economy Principles, 2012.

## **Key Message**

- Green economy is a concept with principles embedded in the economic, social and environmental domains.

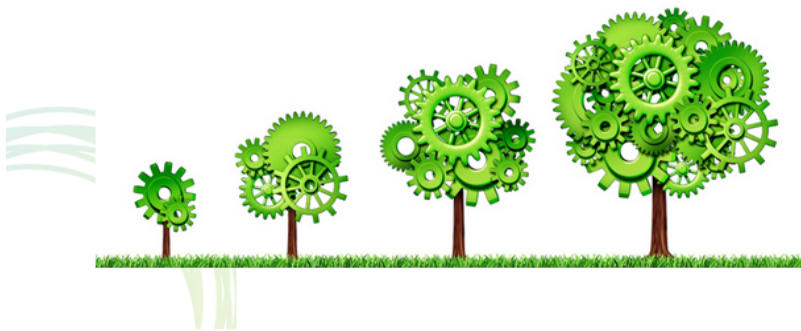
## Further Readings

- UN DESA, A Guidebook to Green Economy: [Issue 2: Exploring Green Economy Principles](#), 2012.



# Key Elements of a Green Economy Transition

- Value of natural capital
- Appropriate economic regulations and incentives
- Appropriate environmental regulations and law enforcement
- Sustainable production and consumption patterns
- Fair distribution of income and social standards
- Investment in training and environmental education



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## Speaker's Notes:

- This slide outlines some of the key elements of the inclusive green economy transition.

### *Valuing Natural Capital*

- Protecting ecosystems and their services recognises the economic value of ecosystems. This is particularly important for poor people in developing economies who depend heavily on natural resources for their livelihoods and are especially vulnerable to environmental contamination and degradation.
- Value of ecosystem services: In one of the first efforts to calculate a global number, a team of researchers from the United States, Argentina, and the Netherlands has put an average price tag of US\$33 trillion a year on these fundamental ecosystem services, which are largely taken for granted because they are free. That is nearly twice the value of the global gross national product (GNP) of US\$18 trillion (World Resources Institute (WRI), adapted from Constanza, R., The Value of the World's Ecosystem Services and Natural Capital, 1997).
- For example, the rehabilitation of the damaged and degraded ecosystems in the Loess Plateau, China - done through tree planting, terracing, restrictions on grazing, construction of reservoirs, and soil enhancement and conservation techniques, - has improved economic outlooks for one of the poorest regions in China (WRI, A Compilation of Green Economy Policies, Programs and Initiatives from Around the World, 2011, p. 3)

### *Appropriate Economic Regulations and Incentives*

- Current economic incentives structures (e.g. fossil fuel subsidies) result in misallocation of capital to promote unsustainable development. A green economy seeks to create incentives for economic activities that ensure environmental sustainability and social inclusion.
- For example, the phasing out of fossil fuel subsidies in Indonesia is combined with direct cash transfers, which mitigates potential negative impacts on the poor and increases the political

feasibility and support for the reform (Mourougane, A., Phasing Out Energy Subsidies in Indonesia, OECD Economics Department Working Papers, No. 808, 2010, p. 15).

- The rest of the key elements of the green transition (as outlined in the slide) are presented in greater details in their respective section of this training package.

### **Key Message**

- The main goal of the transition is to foster changes from the current economic development paradigm, to an economy which generates economic profits while ensuring environmental sustainability and social inclusion.